STATE OF CALIFORNIA BOARD OF ADMINISTRATION PUBLIC EMPLOYEES RETIREMENT SYSTEM

RESOLUTION

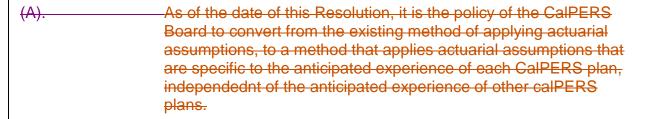
No. ACT-95-05D (rev.)

Subject:	Actuarial Policies – Actuarial Assumptions
WHEREAS, 1.	On November 3, 1992, the people of the state of California passed Proposition 162, which amended Article XVI, section 17 of the California Constitution ("Section 17"), granting the CalPERS Board of Administration plenary authority and fiduciary responsibility for investment of moneys, providing for actuarial services, and administration of the Public Employees' Retirement System, the Judges' Retirement Systems, the Legislators' Retirement System, and the Volunteer Firefighters' Length of Service Award (collectively "the Systems").
WHEREAS, 2.	Section 17 requires the CalPERS Board to exercise its responsibility with respect to the Systems, subject to continuing fiduciary duties and specifies that the duty to participants and their beneficiaries takes precedence over any other duty.
WHEREAS, 3.	The provisions of Section 17 expressly supersede any contrary provision of law or the Constitution.
WHEREAS, 4.	The Systems contain multiple plans, in which, except as expressly provided by law, the assets and liabilities of each CalPERS plan remain separate and distinct from the assets and liabilities of other CalPERS plans.
WHEREAS, 5.	In furtherance of its sole and exclusive duty to make actuarial determinations under Section 17, the CalPERS Board has hired a Chief Actuary to advise the Board and to direct the activities of the Board's professional actuarial staff.
WHEREAS, 6.	Also in furtherance of this sole and exclusive duty to make Actuarial determinations, the CalPERS Board has retained the services of an outside consulting actuarial firm, to review the work of the Board's actuarial staff and to certify that such work satisfies professional

actuarial standards.

WHEREAS, 7. Both the CalPERS Board's Chief Actuary and its consulting actuary have advised the Board to adopt specific written policies regarding the actuarial practices that are most prudent for the Systems.

NOW THEREFORE BE IT RESOLVED:



- (B) It is the policy of the CalPERS Board to recognize the long-term nature of actuarial assumptions, and to refrain from changing these assumptions unless a distinct pattern of gains/losses arises, or unless there is a reason to expect that future experience will be different from that currently assumed.
- (C). Notwithstanding the long-term nature of actuarial assumptions, past experience must be analyzed periodically to identify evidence of emerging trends.
- (D). To enable the Board to determine whether circumstances warrant a change in actuarial assumptions, the Chief Actuary shall prepare an annual actuarial report that contains, at a minimum, an analysis of the gains or losses for the preceding year, as well as a history of prior years' gains/losses. This analysis shall distinguish between an inflation gain/loss, a "real" investment return gain/loss, a "merit salary gain/loss, and a remainder demographic gain/loss, and shall make all further evaluations as are reasonable and appropriate within the discretion of the Chief Actuary.
- (E). To enable the Board to determine whether circumstances warrant a change in actuarial assumptions, every four years the Chief Actuary shall conduct an investigation, and report its results to the Board, of the mortality, service and other experience of CalPERS' members and other persons receiving benefits.

trends.

(F).	Any changes to the methods described above shall require Board approval.
WHEREAS, 1.	In accordance with Government Code section 20120, the Board of Administration of the California Public Employees' Retirement System (the "Board") is vested with the management and control of the Public Employees' Retirement System (the "System").
WHEREAS, 2.	Under Article XVI, section 17 of the California Constitution, the Board has plenary authority and fiduciary responsibility for the investment of monies and administration of the System. The Constitution also vests the Board with the sole and exclusive power to provide for the actuarial services in order to assure the competency of the System.
WHEREAS, 3.	In furtherance of its sole and exclusive duty to make actuarial determinations under Section 17, the Board has hired a Chief Actuary to advise the Board and to direct the activities of the Board's professional actuarial staff.
WHEREAS, 4.	Also in furtherance of this sole and exclusive duty to make actuarial determinations, the Board has retained the services of an outside consulting actuarial firm to review the work of the Board's actuarial staff and to certify that such work satisfies professional actuarial standards.
WHEREAS, 5.	Both the Board's Chief Actuary and its consulting actuary have advised the Board to adopt specific written policies regarding the actuarial practices that are most prudent for the System.
NOW, THEREFORE, BE IT RESOLVED:	
act unl rea	s the policy of the CalPERS Board to recognize the long-term nature of uarial assumptions, and to refrain from changing these assumptions ess a distinct pattern of gains or losses arises, or unless there is a son to expect that future experience will be different from that currently sumed.
(B) No	twithstanding the long-term nature of actuarial assumptions, past

experience must be analyzed periodically to identify evidence of emerging

(C) To enable the Board to determine whether circumstances warrant a change in economic assumptions, every four years the Chief Actuary shall conduct an investigation, and report its results to the Board, of general future wage and price inflation applicable to CalPERS' members and other persons receiving benefits.

(D) To enable the Board to determine whether circumstances warrant a change in actuarial assumptions, every four years the Chief Actuary shall conduct an investigation, and report its results to the Board, of the mortality, service and other experience of CalPERS' members and other persons receiving benefits.

(E) Any changes to the methods described above shall require Board approval.

This Resolution shall be effective immediately upon adoption.

I hereby certify that this Resolution was originally made and adopted by the Board of Administration of the California Public Employees' Retirement System on May 17, 1995 and was amended on November 20, 1996 December 14, 2011.

ROB FECKNER, President Board of Administration